REPORT AT 30 SEPTEMBER 2010

Madrid, 28 October 2010

MILESTONES

- Consolidated revenues increased 26.1% year-on-year to 120.02 million euro.
- The Group attained positive EBITDA of 2.7 million euro, boosted by sales in the biopharmaceutical sector.
- Net income attributable to the parent company improved 63.3% with respect to September 2009.
- R&D expenditure amounted to 39.2 million euro.

- Net sales of Yondelis® increased by 70.1% with respect to the same period of 2009.
- Yondelis® received new approvals outside the European Economic Area in: the Philippines, Ecuador, Jamaica, Honduras and Peru for soft tissue sarcoma (STS). The authorities in Russia, the Philippines, Ecuador, Malaysia and Peru have approved Yondelis® in combination with Caelyx® (pegylated liposomal doxorubicin) for relapsed platinum-sensitive ovarian cancer.
- PharmaMar was rated "Excellent" in the category of R&D companies under the PROFARMA Plan.

- Recruitment of patients concluded for the "Tauros" Phase II multicentre trial, which will determine the efficacy of Zentylor™ (Tideglusib) in patients with Progressive Supranuclear Paralysis (PSP).
- The FDA granted Fast Track status to Tideglusib (Zentylor™) for Progressive Supranuclear Palsy.

- The Spanish Medicines and Health Products Agency (Agencia Española de Medicamentos y Productos Sanitarios) authorised commencement of the second Phase I/II clinical trial with SYL040012 for ocular hypertension.

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FIGURES TO SEPTEMBER 2010

Period	09/30/2010	09/30/2009	Δ%	Q3 '10	Q3 '09	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	62,152	58,575	*6.11%*	21,494	21,502	*-0.04%*
Biopharmaceuticals	56,888	35,783	*58.98%*	19,304	13,101	*47.35%*
Unallocated	982	829	*18.46%*	487	386	*26.17%*
Total Group	**120,022**	**95,187**	***26.09%***	**41,285**	**34,989**	***17.99%***
Cost of goods sold (€ 000)	-36,128	-33,215	*-8.77%*	-12,270	-12,292	*0.18%*
Gross Income	83,894	61,972	*35.37%*	29,015	22,697	*27.84%*
Gross Margin	69.90%	65.11%	**---**	70.28%	64.87%	**---**
EBITDA (€ 000)						
Consumer Chemicals	10,203	9,466	*7.79%*	3,049	3,430	*-11.11%*
Biopharmaceuticals	-2,051	-11,358	*81.94%*	-109	-6,504	*98.32%*
Unallocated	-5,455	-4,179	*-30.53%*	-1,848	-1,230	*-50.24%*
Total Group	**2,697**	**-6,071**	***144.42%***	**1,092**	**-4,304**	***125.37%***
R&D Expenditure						
Oncology	-26,560	-26,452	*-0.41%*	-9,385	-9,752	*3.76%*
CNS	-9,619	-9,651	*0.33%*	-3,337	-2,709	*-23.18%*
Other	-2,978	-2,500	*-19.12%*	-960	-649	*-47.92%*
Total Group	**-39,157**	**-38,603**	***-1.44%***	**-13,682**	**-13,110**	***-4.36%***
Marketing & Commercial Expenses						
Consumer Chemicals	-17,024	-16,177	*-5.24%*	-6,468	-6,008	*-7.66%*
Biopharmaceuticals	-15,139	-13,124	*-15.35%*	-5,024	-4,703	*-6.83%*
Other	-28	-10	*-180.00%*			
Total Group	**-32,191**	**-29,311**	***-9.83%***	**-11,492**	**-10,711**	***-7.29%***

(Thousand euro)

Net revenue

Group net revenues totalled 120.02 million euro in 9M10, 26.1% more than in the same period of 2009 (95.2 million euro).

Revenues in the Biopharmaceutical business amounted to 56.9 million euro (35.8 million euro in 9M09): 51.8 million euro at PharmaMar from Yondelis sales (30.4 million euro in 9M09) and 5.1 million euro at Genómica (5.3 million euro in 9M09). Sales in this sector accounted for 47.4% of Group net sales (37.6% in 9M09).

Net sales by the consumer chemicals subsidiaries totalled 62.2 million euro (58.6 million euro in 2009). Those companies accounted for 51.8% of the Group's total revenues through September 2010 (61.5% through September 2009).

EBITDA

Group EBITDA improved by 144.4% year-on-year. The Group attained positive EBITDA in 9M10, amounting to 2.7 million euro and contrasting with negative 6.07 million euro in 9M09. This improvement is due to the increase in net sales by the biopharmaceutical division to 56.9 million euro (51.8 million euro of which were total net sales of Yondelis), a 6.1% increase in chemical division sales, and cost optimisation efforts.

Other operating revenues in the first nine months of 2009 included 7.8 million euro collected from Taiho Pharmaceutical Co. for the Yondelis licence for Japan.

(EBITDA: earnings before interest, taxes, depreciation and amortisation)

R&D expenditure

R&D expenditure increased by 1.4% year-on-year. A total of 39.2 million euro was spent on research and development in the first nine months of 2010, broken down as follows: PharmaMar 26.6 million euro (26.5 in 9M09), Noscira 9.6 million euro (9.7 in 9M09), Sylentis 2.2 million euro (1.9 million euro in 9M09) and Genómica 0.8 million euro (0.6 million euro in 9M09).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 32.2 million euro in 9M10 (29.3 million euro in 9M09), a 9.8% increase.

Within the Biotechnology segment, 15.1 million euro was spent in 9M10 developing the network to sell Yondelis in Europe for ovarian cancer (13.02 million euro in 9M09).

The Consumer Chemicals division registered 17.02 million euro of expenses under this heading in 9M10, 5.2% more than in 9M09 (16.2 million euro).

Cash

The net cash position, defined as cash and cash equivalents, plus current financial assets (61.9 million euro) minus short-term financial debt (57.2 million euro), totalled 4.7 million euro in September 2010. Long-term debt amounted to 92.2 million euro, which includes 23.2 million euro in interest-free research and development loans from official bodies which are repayable over 10 years with a three-year payment holiday.

	09/30/2010	12/31/2009
Cash & cash equivalents + current financial investments	**61,887**	**63,296**
Short term interest-bearing debt	**57,181**	**32,776**
Long term interest bearing debt	**92,189**	**91,703**
Bank debt	68,952	57,449
Govt. agencies: R&D funding (interest free debt)	23,237	26,254
Others	0	8,000

(Thousand euro)

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the third quarter of 2010.

A) Consumer chemicals:

Xylazel

Xylazel increased sales by 2% year-on-year in the first nine months of 2010 to 13.9 million euro, compared with 13.6 million euro in the same period of 2009.

The company reduced fixed costs by 3.8%, while variable costs rose 6.3% as a result of the increase in prices of certain manufacturing inputs, such as solvents. As a whole, the weighted increase of costs (fixed and variable) with respect to 2009 was 1.8%.

As a result, EBITDA amounted to 2.84 million euro in the first nine months of 2010, an 11.9% increase on the 2.54 million euro attained in the same period last year.

Net profit in the first nine months amounted to 1.792 million euro, on par with the figure obtained in the same period of 2009 (1.796 million euro).

The fact that EBITDA improved by 11.9% year-on-year but net profit was practically the same is attributable to the extraordinary company tax credits, which significantly reduced the net tax payable.

Zelnova

Zelnova and subsidiary Copyr performed very well in the first nine months of 2010, compared with the same period last year. Together they reported a 3.3 million euro (+7.4%) increase in sales to 48.3 million euro.

All lines of business contributed good results, particularly exports and own brands and, to a lesser extent, private label products. This performance is even more noteworthy since consumer spending is slack in both Spain and Italy.

The table below shows the change in revenues in the various channels.

(Thousand euro)	2009	2010	Change	
Domestic (*)	37,223	39,236	+ 2.013	+ 5.4%
Exports	7,768	9,084	+ 1.316	+ 16.9%
Total net sales	44,991	48,320	+ 3.329	+ 7.4%

(*) Domestic: Spain and Italy

The price of oil derivatives such as butane and solvents increased in the first half of the year but has stabilised in the last few months. The other costs are not subject to upward pressure.

As a result, Zelnova and Copyr's combined EBITDA increased 14% year-on-year to 7.8 million euro (6.8 million euro in 9M09).

The Company does not foresee any significant risks for the normal operation of its businesses in the remainder of the year. The most likely scenario is that business volume will be stable with respect to last year; consequently, the Company projects sales and ordinary profit in excess of the 2009 figures.

B) Biopharmaceuticals

Oncology: PharmaMar

Gross sales in the first nine months of 2010 amounted to 51.8 million euro, a 70.1% increase on the same period of 2009 (30.4 million euro).Net sales amounted to 34.5 million euro in the nine months of 2010.

Progress with the compounds undergoing clinical development in the third quarter of 2010:

Yondelis

Recruitment for the Phase II clinical trial in non-small cell lung cancer was completed. Active recruitment continues on schedule for the Phase III trial for patients with sarcomas related to chromosomal translocations, the Phase II trial for breast cancer patients, and the Phase I trial in combination with cisplatin.

Recruitment commenced for a new trial in cooperation with the Institut Gustave Roussy (IGR) in France. This multicentre Phase II trial will seek to determine the efficacy of doxorubicin in combination with Yondelis® as a first line treatment in patients with metastatic and/or relapsed uterine leiomyosarcoma.

Recruitment is continuing on schedule for the Phase II trial being conducted in cooperation with the Spanish Sarcoma Research Group (GEIS) on doxorubicin vs. Yondelis® + doxorubicin as first-line treatment in patients with advanced and metastatic soft tissue sarcoma. Recruitment is also progressing for the observational Phase IV trial in Belgium on patients with soft tissue sarcoma.

Recruitment has concluded for the two paediatric trials being carried out in the US and Canada: the Phase I clinical trial in cooperation with the National Cancer Institute (NCI) in children and young people with resistant solid tumours and the Phase II trial in cooperation with the Children's Oncology Group (COG) in children with rhabdomyosarcoma, Ewing's sarcoma, and recurrent non-rhabdomyosarcomatous STS.

Aplidin

The development of Aplidin on different solid and haematological tumours continues. Significant activities and milestones in the third quarter include:

- Peripheral T-cell lymphoma: Recruitment of patients with Hodgkin lymphomas and with mature noncutaneous T-cell non-Hodgkin lymphomas, treated in combination with gemcitabine, continued in hospitals in France, Spain, Italy and the US.

- Multiple Myeloma: Aplidin® (plitidepsin) has been authorised for inclusion in the pivotal (registration) trial in combination with dexametasone for patients with relapsed or refractory multiple myeloma in three more countries: Australia, the Czech Republic and Germany. An authorisation request was also presented in Greece.

- Myelofibrosis: The first stage of recruitment for the Phase II trial was completed. Once the data is analysed, the pivotal (registration) trial for myelofibrosis will begin. The company presented a request to the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA) for orphan drug designation for Aplidin® in primary, post-essential thrombocythemia, and post-polycythemia vera myelofibrosis.

Zalypsis

In recent months, a new Phase II trial in patients with bladder cancer was designed; the main endpoint is to evaluate the antitumour activity of Zalypsis® as monotherapy in this indication. The new clinical

protocol and paperwork for the Spanish Medicines Agency (AEM) has been completed, and the paperwork for hospital ethics committee approval is at a very advanced stage.

In the third quarter, two new hospitals were included in the Phase II trial with Zalypsis® in multiple myeloma, which was approved by the AEM in February 2010. There are currently seven hospitals participating in the trial, and the data obtained to date confirms the good safety profile of Zalypsis® in these patients.

Recruitment for the Phase II trial as monotherapy in cervical cancer continues as defined in the protocol. The Phase I trial with Zalypsis® in combination with carboplatin in Spain continues as planned, the endpoint of which is to establish the recommended dose for the combination.

Irvalec

Active recruitment for the three Phase I trials currently under way continued in the third quarter of 2010. The first is a Phase I trial with Irvalec® as monotherapy in 3-hour infusions, the second is Irvalec® + Erlotinib (Tarceva), and the third is Irvalec® + carboplatin or gemcitabine.

The protocol (IMAGE) has been submitted to the health authorities and ethics committees for the Phase Ib/II trial with Irvalec® for patients with unresectable, locally advanced or metastatic esophageal, gastroesophageal junction or gastric tumours. The trial will be carried out in France and Spain (where it is already approved) and in the UK, where it is still pending a decision from the ethics committee.

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The Phase I trial being carried out in Spain and the US to obtain the recommended dose (RD) in patients with solid tumours continues. The data will be analysed with a view to commencing Phase II clinical trials in early 2011.

Central Nervous System: Noscira

Tideglusib (NYPTA®) – Alzheimer

The positive results from the Phase IIa clinical trial in patients with Alzheimer's disease were the subject of an oral presentation at the International Conference on Alzheimer's Disease (ICAD) held in the US from 10 to 15 July. These results will be validated in a Phase IIb trial in which a larger number of patients will be treated for 6-15 months. The trial's design was discussed with the EMA and will get under way at the end of the year.

The process of selecting a CRO (Contract Research Organisation) to collaborate on this new trial has been completed. The protocol has been drafted and the process to select participating centres in Spain and other EU countries has commenced.

Tideglusib (Zentylor™) - Progressive Supranuclear Palsy (PSP)

Recruitment of patients for the "Tauros" Phase II multicentre trial, which will determine the efficacy of Zentylor® (NP-12) in patients with PSP, was concluded in September. One hundred and forty-six patients have been randomised in Spain, the UK, Germany and the US.

The trial is advancing at a good pace, and more than 70 patients have already been treated for 3 months with the compound or the placebo. Treatment of the last patient will conclude in September 2011, and we expect that data will show the compound's efficacy.

The FDA issued its evaluation of the Tauros trial and of the drug's chances of early registration for Progressive Supranuclear Paralysis, an orphan disease. The FDA has granted Zentylor® (NP-12) fast

track designation, making the process more agile and expeditious so as to facilitate its development and accelerate its review. Fast Track status is granted to drugs to treat a serious or potentially fatal illness and to meet an unmet medical need.

Other important events in the quarter

The public-private R&D initiative presented by the **DENDRIA Consortium** was approved by the **2010 CENIT programme**. The DENDRIA Consortium, led by Noscira, is comprised of 12 companies and 25 public research centres. The project entitled: "Innovative Solutions Aimed at Accelerating Novel Drug Discovery and Development for Nervous System Pathologies" seeks to implement new experimental and technological approaches in search of potential compounds to treat diseases of the nervous system.

DENDRIA's total budget amounts to 23.06 million euro, of which the Centro para el Desarrollo Técnico e Industrial (CDTI), attached to the Spanish Ministry of Science and Innovation, will provide 10.1 million euro.

This is Noscira's third CENIT project as a participant, and its second as leader.

Following the recent positive news regarding Tideglusib in Progressive Supranuclear Paralysis and Alzheimer's disease, Noscira's Board of Directors has resolved to increase capital through the issuance of three million nine hundred and eighty-nine thousand nine hundred and ninety-nine (3,989,999) new ordinary shares with a value of five euro each. These funds will allow the Phase IIb trial with Tideglusib (Nypta®) for Alzheimer's disease to advance, as well as expand the information needed to potentially obtain early registration for PSP.

Diagnostics: Genómica

Genómica's net revenues totalled 5.1 million euro in 9M09, slightly less than in the same period of the previous year (5.3 million euro).

Revenues from the Clinical Diagnostics business increased 3% in the period to 3.9 million euro (3.8 million euro in 9M09).

Exports accounted for 23% of total revenues and amounted to 1.2 million euro, representing an increase of 19% with respect to 3Q09, when they amounted to 1 million euro. The bulk of sales came from the euro area, which contributed 954 thousand euro (852 thousand euro in 2009).

Revenues from the domestic market increased by 5%, reaching 2.5 million euro (2.4 million euro in 9M09).

Within the Clinical Diagnostics division, on 22 September, Genómica renewed its contract with the Castilla León Regional Government's Health Ministry for the "Supply of reagents, taking of samples, and disposable material necessary for genotyping human papillomavirus (HPV) using molecular biological in vitro diagnosis as part of the Programme for the Prevention and Early Detection of Cervical Cancer", currently being implemented in the region. The screening programme is included in the Europe Against Cancer programme, part of the European Cervical Cancer Screening Network.

Forensic Genetics ended the first nine months of 2010 with 1.2 million euro in revenues (1.6 million euro in the same period in 2009), i.e. an increase of 24%.

Génomica's EBITDA in the first nine months of 2010 was 749 thousand euro, i.e. 15% of revenues.

RNAi: Sylentis

The company's most advanced compound, SYL040012, completed Phase Ia of its first clinical trial in the form of ophthalmic drops to treat elevated intraocular pressure and glaucoma. This is the first product based on RNAi technology to be developed clinically in Spain. The trial received approval from the

Spanish Medicines and Health Products Agency in June 2009 and was completed in July 2010. It was conducted by specialists in pharmacology and ophthalmology at Navarra University Clinic. The trial's endpoint was to determine the tolerance and safety of SYL040012 ophthalmic drops; it was administered to 30 healthy volunteers aged 18 to 33. Patients showed excellent local and systemic tolerance to SYL040012, leading to very positive trial results.

With a view to continuing development of SYL040012, in September 2010 Sylentis received authorisation from the Spanish Medicines and Health Products Agency to commence the second Phase I/II clinical trial with SYL040012 for treating ocular hypertension. The goal of the Phase I/II trial is to establish the tolerance and effect of SYL040012 on intraocular pressure in patients with ocular hypertension. The Phase I/II trial with SYL040012 will be performed at the Navarra University Clinic and the Ramón y Cajal University Hospital in Madrid on patients with intraocular pressure of 21 mm Hg or greater. The company has completed part of the regulatory preclinical trials with the compound SYL1001 as part of its second project for treating eye discomfort associated with dry eye syndrome.

BALANCE SHEET *(Thousand euro)*	30-sep-10	31-dec-09
ASSETS		
Non-current assets	**84,797**	**84,928**
Property, plant & equipment	37,373	39,062
Investment properties	6,014	6,014
Intangible assets	13,775	12,528
Deferred tax assets	22,784	22,379
Long-term financial assets	2,303	2,397
Goodwill	2,548	2,548
Current assets	**153,753**	**126,386**
Inventories	24,618	24,039
Customer and other receivables	59,487	33,857
Other current assets	2,661	2,055
Receivable from public authorities	5,100	3,139
Current financial assets	38,991	26,050
Cash & cash equivalents	22,896	37,246
Non-current assets held for sale	**0**	**0**
TOTAL ASSETS	**238,550**	**211,314**

BALANCE SHEET *(Thousand euro)*	30-sep-10	31-dec-09
EQUITY		
Shareholders' equity	**36,925**	**41,136**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(9,898)	(11,993)
Revaluation and other reserves	0	5
Retained earnings and other reserves	(287,573)	(281,272)
Minority interest	**0**	**0**
TOTAL EQUITY	**36,925**	**41,136**
LIABILITIES		
Non-current liabilities	**99,114**	**98,272**
Financial debt	92,189	91,703
Derivatives	0	0
Deferred tax liabilities	5,821	5,459
Non-current deferred revenues	737	833
Other non-current liabilities	367	277
Current liabilities	**102,511**	**71,906**
Supplier and other accounts payables	33,665	30,183
Financial debt	57,181	32,776
Provisions for other liabilities & expenses	6,254	4,939
Current deferred revenues	998	1,896
Other current liabilities	4,413	2,112
TOTAL LIABILITIES	**201,625**	**170,178**
TOTAL LIABILITIES AND EQUITY	**238,550**	**211,314**

INCOME STATEMENT			
Thousand euro	**30-sept-2010**	**30-sept-2009**	**Chg. (%)**
Net revenues	120,021	95,187	26.1%
Cost of sales	(36,128)	(33,215)	-8.8%
Gross income	**83,893**	**61,972**	35.4%
Other operating revenues	4,926	16,165	-69.5%
Marketing & commercial organisation expenses	(32,191)	(29,311)	-9.8%
General and administration expenses	(13,901)	(14,608)	4.8%
Research & development expenses	(39,157)	(38,603)	-1.4%
Capitalised in-house work	1,105	648	70.5%
Other operating expenses	(6,225)	(6,821)	8.7%
Net operating profit (loss) (EBIT)	**(1,550)**	**(10,558)**	85.3%
Net financial results	(3,428)	(3,917)	12.5%
Profit (Loss) before taxes	**(4,978)**	**(14,475)**	65.6%
Corporate income tax in the period	(547)	(2,841)	
Profit (Loss) for the year	**(5,525)**	**(17,316)**	68.1%
Attributable to minority interest	0	2,248	
Attributable to equity holders of the parent	**(5,525)**	**(15,068)**	63.3%

Net operating profit (loss) (EBIT)	(1,550)	(10,558)	85.3%
Amortisation and depreciation	4,246	4,487	
EBITDA	**2,696**	**(6,071)**	144.4%

CONSOLIDATED CASH FLOW STATEMENT	30-sept-2010
NET CASH FLOW FROM ORDINARY ACTIVITIES	**(24,353)**
Profit/(loss) before tax	**(4,978)**
Adjustements for:	**7,144**
Amortisation and depreciation	**4,246**
Other adjustements	**2,898**
Variation in working capital	**(22,576)**
Other net cash flow	**(3,943)**
Financial expenses	(3,840)
Financial revenues	436
Income tax received/(paid	(547)
Other adjustements	8
NET INVESTMENT CASH FLOW	**(15,158)**
Purchases of property, plant & equipment and intangible assets	(2,393)
Other financial assets	(12,765)
CASH FLOW IN FINANCING ACTIVITIES	**25,161**
Sales of treasury shares	258
Debt with credit entities (+)	32,781
Repayment from debt with credit entities (-)	(8,167)
Other net financing activities cash flow	289
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**(14,350)**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**37,246**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**22,896**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	22,896
CURRENT FINANCIAL ASSETS	38,991
FINANCIAL DEBT	(57,181)
TOTAL NET CASH POSITION	**4,706**